

**MINUTES OF THE  
JOINT CAPITAL FACILITIES & GOVERNMENT OPERATIONS  
APPROPRIATIONS SUBCOMMITTEE MEETING  
THURSDAY, JANUARY 31, 2008, 2:00 P.M.  
RoomW025, West Office Building, State Capitol Complex**

Members Present: Sen. Scott K. Jenkins, Committee Co-Chair  
Rep. Kevin Garn, Committee Co-Chair  
Sen. Mike Dmitrich  
Sen. Sheldon Killpack  
Sen. Darin Peterson  
Rep. DeMar “Bud” Bowman  
Rep. Rebecca Chavez-Houck  
Rep. Stephen Clark  
Rep. Janice M. Fisher  
Rep. Fred R. Hunsaker  
Rep. Gordon Snow  
Rep. Mark Walker  
Rep. Bradley A. Winn

Staff Present: Steve Allred, Fiscal Analyst  
Richard Amon, Fiscal Analyst  
Todd Wardrop, Fiscal Analyst  
Bonnie Brinton, Committee Secretary

Public Speakers Present: Larry Jardine, Building Board Chairman  
Mike Perez, Associate Vice President, University of Utah  
Darrell Hart, Associate Vice President, Utah State University  
John Freeman, Deputy Director of Operations, Department of  
Alcoholic Beverage Control  
D. Gregg Buxton, Director, Division of Facilities Construction and  
Maintenance  
Richard Clarke, Maintenance Engineer, Department of  
Transportation  
Bill Juscak, Maintenance Engineer, Department of Transportation  
Kent Beers, Assistant Director, Division of Facilities Construction  
and Maintenance  
Greg Peay, Facilities Manager, Department of Corrections  
Michael Styler, Executive Director, Department of Natural  
Resources  
Robyn Pearson, Deputy Director, Department of Natural  
Resources

Resources Dana Miller, Campus President, Southwest Applied Technology

A list of visitors and a copy of handouts are filed with the Subcommittee minutes.

Co-Chair Garn called the meeting to order at 2:15 p.m.

**1. Welcome**

Co-Chair Garn welcomed everyone to the meeting.

**2. Building Board Comments - Larry Jardine, Board Chairman**

Co-Chair Garn expressed appreciation to Mr. Jardine and the Board for their service. Chairman Jardine presented an overview of the responsibilities of the Building Board. He acknowledged DFCM for their assistance in preparing the Five-Year Building Program. Co-Chair Garn asked if the Building Board has the capacity to prioritize vacant parcels of land for a Land Banking program. Mr. Jardine responded positively and stated that he felt it is a critical issue. He assured Subcommittee members that there are members of his board well qualified with a background in real estate to accomplish this prioritization. Chairman Jardine introduced members of the Board in attendance.

**4. "Other" Funded Capital Development Requests - Steve Allred, Fiscal Analyst**

Analyst Allred reviewed points of information regarding these requests.

First, he stated that "Other"-Funded projects are those to be constructed with donations, federal grants, auxiliary revenues, restricted funds, or any other funding source that cannot be appropriated for general state purposes.

Second, UCA 63A-5-104 states that, with few exceptions, a capital development project may not be constructed on State property without legislative approval. All bonds backed by the State's credit must be approved by the Legislature.

Third, "Capital Development" is a project costing \$2.5 million or more, or any purchase of real property where an appropriation is requested.

Mr. Allred reminded Subcommittee members of the procedures regarding these projects. He also drew attention to a Budget Brief and an Issue Brief on Capital Developments in the binder.

**University of Utah - Mike Perez, Associate Vice President**

**a. University of Utah Huntsman Cancer Hospital II-B**

This request does not include State O&M, and there will be no future requests for funding. The financing source is a State Building Ownership Authority revenue bond.

**b. University of Utah Neuropsychiatric Institute Expansion**

This request does not include State O&M. Funding will be from fund raising and clinical revenues.

**c. University of Utah Northwest Campus Parking Structure**

This request does not include State O&M nor Capital Improvement funding. The financing source is a Board of Regents revenue bond.

**d. University of Utah Arboretum Visitor Center Addition**

The request for this project includes \$6,800 for increased State O&M. Mr. Perez reported that \$1.4 million has been donated to this project.

**MOTION:** Co-Chair Jenkins moved to approve the four projects presented by the University of Utah.

The motion passed unanimously with Sens. Killpack and Peterson and Rep. Winn absent for the vote.

**Utah State University - Darrell Hart, Associate Vice President**

**e. Utah State University Business Building Addition**

The request for this project includes \$350,000 in increased State O&M. The financing source is donations.

**f. Utah State University Vernal Entrepreneurship and Energy Research Center**

The request for this project includes \$360,000 for increased State O&M. The

financing source is donations.

**g. Utah State University Early Childhood Education Research Center**

The request for this project includes \$375,000 for increased State O&M. The financing source is a Board of Regents revenue bond backed by grants and donations.

**h. Utah State University Hydraulics Laboratory Addition to Water Lab**

This request does not include State O&M. The financing source is internal loans and grants.

**i. Utah State University Structures Lab Enclosure**

This request does not include State O&M. The financing source is an insurance claim.

Vice President Hart stated that in summary the University is requesting increased O&M on three projects and the total square footage of all five projects at a cost of \$78,450,000. He reported that these projects represent program growth at Utah State, and that last year was the biggest Freshman class in the history of the school. He also stated that donations received are driven by need.

**MOTION:** Rep. Hunsaker moved to approve the five projects presented by Utah State University.

The motion passed unanimously with Sen. Killpack and Reps. Walker and Winn absent for the vote.

Rep. Hunsaker declared a potential Conflict of Interest.

**Alcoholic Beverage Control, John Freeman, Deputy Director of Operations**

All projects to be financed with revenue bonds.

**j. Alcoholic Beverage Control Cedar City Liquor Store Replacement**

The request for this project includes \$19,200 for increased O&M.

**k. Alcoholic Beverage Utah County North Liquor Store**

The request for this project includes \$38,300 for increased O&M.

**l. Alcoholic Beverage Control Washington County North Liquor Store**

The request for this project includes \$31,900 for increased O&M.

**m. Alcoholic Beverage Control Summit County Heber/Midway Liquor Store**

The request for this project includes \$31,900 for increased O&M.

**n. Alcoholic Beverage Control Utah County South Liquor Store**

The request for this project includes \$38,300 for increased O&M.

Subcommittee members discussed the issue of increased design cost and construction of these projects. They questioned why the design cost was so high when the buildings are all basically prototypical with some exterior changes to reflect the area where they are located. Deputy Director Freeman stated that inflation has been built in to the estimates to allow for rising costs of design and construction. He agreed to review the numbers on the projects with DFCM, especially the design costs.

Co-Chair Jenkins requested detailed plans and costs of the last building built by the DABC. Mr. Freeman agreed to provide Subcommittee members with this information. Co-Chair Jenkins also stated that he would like to review a summary of the square-foot costs of all State buildings. D. Gregg Buxton, Director, DFCM, will present information in a future meeting explaining the process of determining costs of State buildings.

**MOTION:** Sen. Dmitrich moved to approve the five projects presented by Alcoholic Beverage Control.

Sen. Dmitrich withdrew his motion.

**MOTION:** Rep. S. Clark moved to go to the next agenda item.

The motion passed unanimously with Sens. Killpack and Peterson and Reps. Walker and Winn absent for the vote.

**o. Department of Transportation Hurricane Maintenance Station - Richard  
Clarke and Bill Juszczak, Maintenance Engineers**

Mr. Juszczak distributed a handout showing the project description. Mr. Clark stated that the cost can be partially offset by the sale of the existing Hurricane site and the excess land at the new location. The request for this project does not include increased State O&M.

Subcommittee members questioned the cost of site development and the consensus was that site development should not be included in the design fee. Mr. Clark was asked to provide to the Subcommittee the breakout difference between site development costs and prototype costs.

Kent Beers, Assistant Director, DFCM, responded to questions about design costs and square footage costs. He explained the position of DFCM regarding lease revenue bonds. He stated that the cost of property sometimes drives the costs in other areas higher. He stated that the Division is willing to take direction from the Subcommittee concerns.

**MOTION:** Sen. Killpack moved to approve the Department of Transportation Hurricane Maintenance Station request.

The motion passed unanimously with Sens. Dmitrich and Peterson and Reps. Walker and Winn absent for the vote.

**p. Department of Corrections Chill/Cook Kitchen at Draper Prison - Greg Peay,  
Facilities Manager**

Manager Peay stated that this project is not on the Governor's budget list, and that he is presenting this project as an informational item only. He stated that the Department is hoping to come back next year with a full report and a request for funding.

Mr. Peay responded to questions from Subcommittee members. Rep. Snow questioned the method of financing with revenue bonds.

No action was taken on this request.

**MOTION:** Rep. Bowman moved to approve the minutes of the meeting held January 30, 2008.

The motion passed unanimously with Sen. Dmitrich and Reps. Fisher and Winn absent for the vote.

**q. Department of Natural Resources Uintah County Regional Center - Mike Styler, Executive Director and Robyn Pearson, Deputy Director**

This request was submitted too late to be reviewed by the Building Board.

Executive Director Styler presented the Subcommittee with intent language regarding this project and asked for approval.

Director Styler explained why the project was not brought before the Building Board for review and responded to questions from Subcommittee members. Deputy Director Pearson explained the ownership issue and the right to use issue regarding the building currently housing the Department in Uintah County. DFCM Director Buxton explained that the Division has been doing a title search on the property. Rep. Snow stated that this is not a black and white issue and it needs to be resolved before decisions can be made on the project.

The Directors stated that they have been in this building for 25 years and have outgrown the space there.

**MOTION:** Rep. S. Clark moved to approve the following intent language for the Department of Natural Resources Uintah County Regional Center and to give permission to the Department to move forward if the Building Board approves that the action is beneficial to the State, and if DNR reports to the Executive Appropriations Committee first:

*It is the intent of the Legislature that the Division of Facilities Construction and Management, acting on behalf of the Department of Natural Resources, may enter into a lease purchase agreement with Uintah County to provide needed space for agency programs in the area if the Department of Natural Resources obtains the approval of the State Building Board.*

The motion passed unanimously with Sens. Dmitrich and Peterson and Reps. Walker and Winn absent for the vote.

**r. Southwest Applied Technology Building - Dana Miller, Campus President**

This request was submitted too late to be reviewed by the Building Board.

Assisting in the presentation was Kirt Michaelis, Vice President of Administrative Services. President Miller explained that Southwest ATC requests permission to use lease funds to enter into an agreement with a private party/developer to build an Automotive Technology facility on State-owned property and to enter into a lease-purchase agreement.

Rep. Snow again expressed concern with the lease-purchase option. Co-Chair Garn stated his belief that the method of financing this request is in question.

Mr. Miller stated that the contractor would have to agree to sell the building to the State before construction was begun.

Rep. Bowman praised President Miller for his accomplishments in the growth of the program there in Cedar City and stated his support for this request.

President Miller explained that Southwest ATC has \$108,000 (ongoing) in its current budget to commit to the new lease and has requested an additional \$212,000 in on-going lease funds from the 2008 Legislature for the project.

**MOTION:** Rep. Bowman moved to approve the request for the Southwest Applied Technology Building on condition that \$212,000 is appropriated to the UCAT budget.

Subcommittee discussion ensued regarding optional funding methods and concerns about similar requests of this nature coming to the Subcommittee. Rep. Snow questioned the unknown cost of the building. Co-Chair Garn stated that he felt it was a dangerous precedent to set in approving a project without sufficient detail.

**SUBSTITUTE MOTION:** Rep. S. Clark moved to adjourn. The motion passed unanimously with Sen. Dmitrich and Reps. Fisher and Winn absent for the vote.

The meeting was adjourned at 4:07 p.m. by Co-Chair Garn.

The minutes were reported by Bonnie Brinton.



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Sen. Scott K. Jenkins  
Committee Co-Chair

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Rep. Kevin Garn  
Committee Co-Chair